

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

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INFO DIA WASHDC

AMEMBASSY ANKARA

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C O N F I D E N T I A L SECTION 1 OF 2 ROME 3622

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E.O. 11652: GDS

TAGS: PINT, IT

SUBJECT: MONTHLY POLITICAL REPORT -- FEBRUARY 1976

1. SUMMARY: FEBRUARY BEGAN WITH CLEAR MOVES TOWARD A RESOLUTION OF THE GOVERNMENT CRISIS AND WITH THE EXPLOSION OF THE LOCK-HEED SCANDAL. A NEW MINORITY GOVERNMENT WAS FORMED BY THE CHRISTIAN DEMOCRATS WITH THE EXTERNAL SUPPORT OF THE SOCIAL  
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DEMOCRATS AND THE ABSTENTIONS OF THE SOCIALISTS AND REPUB-

LICANS. DURING THE MONTH, THE DC AND PSI BEGAN PREPARATIONS FOR THEIR PARTY CONGRESSES WHICH WERE SCHEDULED FOR MARCH AND THE PCI OPENLY PRESSED ITS CLAIM TO A ROLE IN THE GOVERNMENT. THE MONTH CLOSED WITH THE LOCKHEED SCANDAL IN FULL SWING AND WITH BERLINGUER'S SPEECH IN MOSCOW. END SUMMARY.

2. THE GOVERNMENT CRISIS: AT THE END OF JANUARY, MORO APPEARED READY TO THROW IN THE TOWEL AND TELL THE PRESIDENT THAT HE WAS UNABLE TO FORM A GOVERNMENT. IN A LONG AND HEATED SESSION, THE DIRECTORATE OF THE CHRISTIAN DEMOCRATIC PARTY DECIDED NOT TO NOMINATE ANOTHER FORMATEUR (ANDREOTTI WAS VOLUNTEERING) TO TRY TO FORM A TWO-PARTY GOVERNMENT WITH THE SOCIALISTS, BUT, INSTEAD, TO ATTEMPT A SINGLE-PARTY MINORITY GOVERNMENT RATHER THAN GO TO EARLY ELECTIONS. ALL PARTIES APPEARED TO HAVE MADE THE SAME CALCULATION WITH REGARD TO EARLY ELECTIONS, WITH THE LIRA CRISIS, THE DETERIORATING POLITICAL ATMOSPHERE, AND THE DEVELOPING CIA/LOCKHEED SCANDALS BEING MAJOR ELEMENTS OF THE EQUATION. THUS, MORO'S APPEARANCE OF BEING READY TO QUIT FORCED THE PARTIES TO MAKE THE TOUGH CHOICE BETWEEN EARLY ELECTIONS AND GIVING MORO AND THE DC ENOUGH SUPPORT TO KEEP A MINORITY GOVERNMENT ALIVE. THEY ALL (INCLUDING THE COMMUNISTS) CLEARLY CHOSE THE LATTER AND, AS A RESULT, MORO WAS ABLE FINALLY TO PUT A GOVERNMENT TOGETHER IN RELATIVELY SHORT TIME. SOME EMERGENCY ECONOMIC MEASURES WERE WORKED OUT WITH THE SOCIALISTS AND THE NEW CABINET WAS SWORN IN ON FEBRUARY 12. THE GOVERNMENT WAS CONFIRMED BY THE CHAMBER ON FEBRUARY 21 AND BY THE SENATE ON FEBRUARY 25.

3. AS THE CRISIS ENDED, SPECULATION IMMEDIATELY BEGAN ON HOW LONG THE NEW GOVERNMENT WOULD LAST. SOME PREDICTED THAT IT WOULD LAST ONLY LONG ENOUGH TO GET PAST THE DC CONGRESS IN LATE MARCH, WITH PARLIAMENTARY ELECTIONS COMING IN JUNE 1976. OTHERS THOUGHT IT MIGHT LAST THROUGH THE SUMMER VACATIONS WITH ELECTIONS IN LATE OCTOBER OR EARLY NOVEMBER. FEW THOUGHT IT COULD LAST IN ITS PRESENT FORM, THROUGH THE STATUTORY PERIOD OF THE CURRENT LEGISLATURE (MAY 1977). THERE ARE THOSE WHO PREDICT, AFTER ITS CONGRESS, THE DC WILL GIVE THE SOCIALISTS THEIR LONG-SOUGHT PREFERENTIAL RELATIONSHIP" (AND PERHAPS A BIT MORE), THEREBY CREATING A NEW DC/PSI/MAJORITY THAT COULD LAST THROUGH MAY 1977. IT IS DIFFICULT TO MAKE EVEN A HEDGED  
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PREDICTION ON THESE ISSUES UNTIL AFTER THE PSI AND DC CONGRESSES IN MARCH.

4. THE IMMEDIATE HURDLE FACING THE NEW DC MINORITY GOVERNMENT IS NOT ECONOMIC POLICY, ALLEGEDLY ONE THE MAIN REASONS FOR THE CRISIS, BUT ABORTION. ON THIS ISSUE, THE DC IS CAUGHT BETWEEN THE STRONG PUBLIC OPPOSITION OF THE CHURCH AND THE INSISTENCE OF THE LAY PARTIES ON NEW 'LIBERALIZING' LEGISLA-

TION. ALSO, IF THE PARLIAMENT CANNOT AGREE ON NEW LEGISLATION, THERE WILL HAVE TO BE A REFERENDUM BY MID-JUNE (THE REQUISITE PUBLIC PETITIONS HAVING BEEN ALREADY FILED), AND THE DC FEARS A REPEAT OF THE SHARP DEFEAT IT SUFFERED ON THE DIVORCE REFERENDUM TWO YEARS AGO. THE PARLIAMENT IS ALREADY AT WORK ON THE ISSUE AND MANY BELIEVE THAT A COMPROMISE SOLUTION CAN BE WORKED OUT.

5. THE CIA/LOCKHEED SCANDALS: THE PUBLICITY GIVEN THE CIA REVELATIONS (FROM WASHINGTON AND LOCAL PUBLICATION OF ALLEGED AGENTS NAMES) IN JANUARY HAD BARELY BEGUN TO DIE DOWN WHEN THE LOCKHEED STORY EXPLODED WITH ACCUSATIONS THAT TWO EX-MINISTERS OF DEFENSE, TANASSI AND GUI, HAD RECEIVED \$2 MILLION IN BRIBES FROM LOCKHEED. THE PRESS LEAPED ON THE STORY AND IT REMAINED ON THE FRONT PAGES EVERY DAY THROUGHOUT FEBRUARY. WHEN IT BECAME CLEAR THAT THE CHURCH COMMITTEE DOCUMENTS DID NOT EXPLICITLY NAME TANASSI AND GUI, A NEW WAVE OF SPECULATION WAS STARTED THAT HAS NOT YET ENDED. THE PUBLIC PROSECUTORS INQUIRY HAS BEEN FOLLOWED ATTENTIVELY. SEVERAL ARRESTS HAVE BEEN MADE AND THREE WELL-KNOWN AND WELL-CONNECTED PEOPLE HAVE FLED THE COUNTRY. ONE OF THOSE WHO FLED, OVIDIO LEFEBRVE, AND HIS BROTHER, BOTH INVOLVED IN DEALINGS WITH LOCKHEED, HAVE BEEN LIFE-LONG FRIENDS OF PRESIDENT LEONE, WHO HAS IN TURN BEEN SUBJECT TO ATTACK AND ACCUSATION IN THE PRESS. APART FROM THE PRESIDENCY, THE LOCKHEED SCANDAL INVOLVES, IN ONE WAY OR ANOTHER, THE CHRISTIAN DEMOCRATIC PARTY, THE SOCIAL DEMOCRATS, THE MILITARY, A LARGE GOVERNMENT-OWNED CORPORATION AND, POTENTIALLY, THE JUDICIARY IF IT FAILS TO PERFORM ITS FUNCTION TO THE PUBLIC'S SATISFACTION. THE PRESSURE ON THE DC HAS BEEN SUCH THAT IT HAS HAD TO MAKE REPEATED PUBLIC EFFORTS TO OBTAIN "ALL OF THE FACTS" FROM THE US. AMBASSADOR GAJA'S APPROACHES TO THE DEPARTMENT HAVE BEEN REPORTED IN EXCRUCIATING DETAIL AND WERE RECOUNTED AGAIN BY FOREIGN MINISTER RUMOR IN CONFIDENTIAL

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HIS PUBLIC REPORT TO THE CHAMBERS COMMITTEE ON FOREIGN AFFAIRS. THE LOCKHEED SCANDAL WILL BE WITH US FOR SOME TIME TO COME, UNTIL ALL AVENUES HAVE BEEN EXHAUSTED AND THERE IS NO MORE NEWS LEFT. UNLESS A CLEAR-CUT CONCLUSION IS OBTAINED, WHICH SEEMS UNLIKELY, WITH THE GUILTY IDENTIFIED AND THE INNOCENT CLEARED, IT WILL CONTINUE TO HAUNT THE DC AT ELECTION TIME AT LEAST THROUGH THE NEXT PARLIAMENTARY ELECTIONS.

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6. THE COMMUNIST PARTY: DOMESTICALLY, THE PCI STEPPED UP ITS PRESSURE FOR A ROLE IN AN ITALIAN GOVERNMENT, UTILIZING THE GOVERNMENT CRISIS, THE COLLAPSE OF THE LIRA AND THE CIA/ LOCKHEED SCANDALS, TO REEMPHASIZE THAT THE COUNTRY NEEDS PCI GOVERNMENTAL PARTICIPATION AT THIS JUNCTURE IF IT IS TO DEAL SUCCESSFULLY WITH ITS PROBLEMS. A SALLY BY SECRETARIAT MEMBER GIANCARLO PAJETTA HINTED THAT THERE IS RISING PRESSURE FROM WITHIN THE PARTY FOR THE ALTERNATIVE OF THE LEFT IF THESE

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FORCES SCORE 51 PERCENT OF THE VOTES IN THE NEXT ELECTION AND THE DC REMAINS INTRANSIGENT TOWARDS THE HISTORIC COMPRO-

MISE. BERLINGUER QUICKLY STEPPED IN TO CLARIFY THE SITUATION BY STRESSING THAT THE HISTORIC COMPROMISE STILL REMAINS THE CENTRAL POLITICAL OBJECTIVE OF THE PARTY'S PROGRAM. HOWEVER, HE KEEPS THE PRESSURE ON THE DC BY ADDING THAT, IF THIS STRATEGY FAILS, THEN THE ONLY OPTION REMAINING WOULD BE THE ALTERNATIVE OF THE LEFT WITH THE DC BEARING THE BRUNT OF THE RESPONSIBILITY FOR ANY DISLOCATIONS WHICH THIS WOULD CAUSE IN THE NATION.

7. THE PCI ROUNDED OUT THE MONTH WITH THE APPEARANCE OF PARTY SECRETARY ENRICO BERLINGUER AT MOSCOW. WHILE HIS VOYAGE TO MOSCOW WAS FRAUGHT WITH DOMESTIC POLITICAL RISKS, THE NET OUTCOME OF BERLINGUER'S SPEECH HAS TO BE VIEWED AS A PLUS FOR THE PCI. THE SUBSTANCE OF HIS SPEECH WAS NEITHER NEW TO HIS ITALIAN AUDIENCE, NOR IT IS THE FIRST TIME THAT HE ENUNCIATED THE PARTY'S AUTONOMOUS LINE FROM A MOSCOW "PULPIT", HAVING EXPRESSED VIRTUALLY IDENTICAL VIEWS BEFORE THE WORLD COMMUNIST CONFERENCE IN THE SOVIET CAPITAL IN 1969. NEVERTHELESS, IT SERVED TO FOCUS ONCE AGAIN DOMESTIC AND FOREIGN ATTENTION ON THE PCI IN THE WAKE OF THE PUBLICITY THAT THE PARTY RECEIVED AS A RESULT OF ITS ADVANCES IN LAST JUNE'S ADMINISTRATIVE ELECTIONS. AS ANOTHER INITIATIVE IN ITS "SALES CAMPAIGN", THE PCI INTENSIFIED ITS EFFORTS IN FEBRUARY TO EXPAND ITS CONTACTS WITH SOCIALIST, SOCIAL DEMOCRATIC, AND OTHER RECEPTIVE POLITICAL GROUPS IN WESTERN EUROPE. PARTY SPOKESMEN HAVE BEEN IN WESTERN GERMANY, GREAT BRITAIN, BELGIUM, DENMARK, NORWAY AND SWEDEN.

8. POLITICAL ATMOSPHERE: FEBRUARY WAS A MONTH OF DOOM AND GLOOM. WHILE CHEERFUL OPTIMISTS (OTHER THAN COMMUNISTS) HAVE BEEN HARD TO FIND FOR SOME TIME IN ITALY, IN FEBRUARY THE POLITICAL ATMOSPHERE SEEMED TO HIT A NEW LOW. THERE IS AN AIR OF RESIGNATION AT THE APPARENT INEVITABILITY OF COMMUNIST VICTORY, FOSTERED BY THE GLARING CONTRAST BETWEEN APPARENT COMMUNIST EFFICIENCY AND HONESTY AND THE DC'S WEAKNESS, CORRUPTION, AND INEFFICIENCY. AS THIS BANDWAGON MOVES ON, A NUMBER OF SENIOR GOVERNMENT SERVANTS (BOTH CIVIL AND MILITARY), WHO HAVE IN THE PAST BEEN OUTSPOKENLY ANTI-COMMUNIST AND ENTHUSIASTIC IN THEIR FRIENDSHIP FOR THE US, HAVE SUDDENLY BE-

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COME LESS AVAILABLE AND, WHEN FOUND, NEUTRAL IN THEIR OUTLOOK; THEY ARE OBVIOUSLY MAKING THEIR PERSONAL ADJUSTMENTS TO WHAT THEY ARE COMING TO REGARD AS INEVITABLE: THE ENTRY OF THE COMMUNISTS INTO THE GOVERNMENT IN THE SHORT TERM. FOR THE PUBLIC IN GENERAL, THERE IS A SHARPLY GROWING LACK OF RESPECT FOR PUBLIC INSTITUTIONS, INCLUDING LAW-ABIDANCE. VIOLENCE IS INCREASING, AND RECENT ARMED ATTACKS (CLAIMED BY ULTRA-LEFTIST GROUPS) ON POLICE AND CARABINIERI STATIONS PROVOKE NO CRY OF OUTRAGE FROM THE PUBLIC. SUPERMARKETS ARE SACKED BY GANGS

OF ARMED YOUTHS, AND ULTRA-LEFT "SQUADRISTI" REGULARLY SHOUT DOWN NON-LEFTIST SPEAKERS AT PUBLIC RALLIES IN THE PIAZZAS OF THE MAJOR CITIES. THIS DECLINE IN PUBLIC ORDER DOES NOT SEEM POINTED, AS IN 1921, AT TOTALITARIAN COUPS, BUT RATHER TOWARD FURTHER GAINS IN COMMUNIST VOTES.

9. THE UNITED STATES. THE US HAS PERHAPS HIT A POST-WORLD WAR II NADIR IN ITS POPULARITY IN ITALY. AMERICA'S SPECIAL POSITION IN ITALIAN EYES, AS THE FOUNDER OF WESTERN DEMOCRACY AND SOMEHOW MORALLY ABIT BETTER THAN OTHER COUNTRIES, HAS BEEN AT LEAST TEMPORARILY LOST. AS PERHAPS SYMPTOMATIC OF THE GENERAL PUBLIC ATTITUDE, IN THE LARGE TRADITIONAL "CARNIVAL" PARADE IN VIAREGGIO MORE THAN HALF OF THE FLOATS HAD A STRONG ANTI-AMERICAN THEME, SOME OF THEM QUITE NASTY. THE CIA/LOCKHEED SCANDALS HAVE CONVINCED MANY THAT WE ARE AS CORRUPT AS EVERYONE ELSE AND OTHERS THAT WE ARE NOT AS CLEVER AS THEY THOUGHT WE WERE, FOR OTHERWISE HOW COULD WE BE SO STUPID AS TO SERIOUSLY DAMAGE OUR OWN POSITION IN THE WORLD AND RUIN SOME OF OUR BEST FRIENDS IN THE PROCESS. AMONG THE POLITICAL CLASS, PARTICULARLY THE DC, THERE IS STRONG RESENTMENT FOR THE DAMAGE THAT THEY BELIEVE WE HAVE DONE TO THEM AS A PARTY. BOTH IN THE DC AND IN OTHER PARTIES MANY BEWAIL WHAT THEY SEE AS EITHER AMERICAN ISOLATIONISM OR INDIFFERENCE, AND ARE SERIOUSLY WORRIED ABOUT THE FUTURE OF WESTERN EUROPE IF THE US CONTINUES ON WHAT THEY SEE AS ITS PRESENT COURSE. VOLPE

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